

**REPORT OF THE AUDIT OF THE  
CARROLL COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2005**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CARROLL COUNTY FISCAL COURT**

**June 30, 2005**

The Auditor of Public Accounts has completed the audit of the Carroll County Fiscal Court for fiscal year ended June 30, 2005. We have issued an unqualified opinion on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information.

#### **Financial Condition:**

The fiscal court had total net assets of \$10,931,698 as of June 30, 2005. In its governmental activities, the fiscal court had restricted net assets of \$38,950 and unrestricted net assets of \$5,371,103 as of June 30, 2005, with total net assets of \$10,862,374. In its business-type activities, total net cash and cash equivalents were \$69,324 with total net assets of \$69,324. The fiscal court had total debt principal as of June 30, 2005 of \$820,000 with \$80,000 due within the next year.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Harold "Shorty" Tomlinson, Carroll County Judge/Executive  
Members of the Carroll County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Kentucky, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Carroll County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Carroll County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Kentucky, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Harold "Shorty" Tomlinson, Carroll County Judge/Executive  
Members of the Carroll County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation of the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2006 on our consideration of Carroll County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
March 14, 2006



CARROLL COUNTY OFFICIALS

For The Year Ended June 30, 2005

**Fiscal Court Members:**

Harold "Shorty" Tomlinson	County Judge/Executive
John Proctor	Magistrate
Dean Miller	Magistrate
Mark Bates	Magistrate

**Other Elected Officials:**

James Monk	County Attorney
Michael Humphrey	Jailer
Marketta Brock	County Clerk
Laman Stark	Circuit Court Clerk
Charles Maiden, Jr.	Sheriff
David Robertson	Property Valuation Administrator
James Dunn	Coroner

**Appointed Personnel:**

Debra Cayton	County Treasurer
Traci Courtney	Occupational Tax Collector
Nicki Beckham	Finance Officer

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**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2005**



**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2005**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,410,053	\$ 69,324	\$ 5,479,377
Total Current Assets	5,410,053	69,324	5,479,377
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land and Land Improvements	350,824		350,824
Buildings	3,930,640		3,930,640
Equipment	329,698		329,698
Vehicles	393,945		393,945
Infrastructure Assets - Net of Depreciation	1,267,214		1,267,214
Total Noncurrent Assets	6,272,321		6,272,321
Total Assets	11,682,374	69,324	11,751,698
<b>LIABILITIES</b>			
Current Liabilities:			
Revenue Bonds Payable	80,000		80,000
Total Current Liabilities	80,000		80,000
Noncurrent Liabilities:			
Revenue Bonds Payable	740,000		740,000
Total Noncurrent Liabilities	740,000		740,000
Total Liabilities	820,000		820,000
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	5,452,321		5,452,321
Restricted For:			
Debt Service	38,950		38,950
Unrestricted	5,371,103	69,324	5,440,427
Total Net Assets	\$ 10,862,374	\$ 69,324	\$ 10,931,698

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**

**CARROLL COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,531,162	\$ 24	\$ 56,222	\$ 47,158
Protection to Persons and Property	1,923,470	1,721,498	140,853	204,197
General Health and Sanitation	551,694	2,030		326,270
Social Services	63,132			
Recreation and Culture	353,689	54,464		
Roads	716,120		547,139	
Airports	6,000			
Interest On Long-Term Debt	31,048			
Capital Projects	6,417		34,880	
Total Governmental Activities	5,182,732	1,778,016	779,094	577,625
Business-type Activities:				
Jail Canteen	31,015	46,541		
Total Business-Type Activities	31,015	46,541		
Total Primary Government	\$ 5,213,747	\$ 1,824,557	\$ 779,094	\$ 577,625

**General Revenues:**

Taxes:  
     Real Property Taxes  
     Personal Property Taxes  
     Motor Vehicle Taxes  
     Occupational Taxes  
     Other Taxes  
 Excess Fees  
 Gain On Sale Of Asset  
 Miscellaneous Revenues  
 Accrued Interest Received  
  
 Total General Revenues  
 Change in Net Assets  
 Net Assets - Beginning (Restated)  
  
 Net Assets - Ending

The accompanying notes are an integral part of the financial statements.



**CARROLL COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (1,427,758)	\$	\$ (1,427,758)
143,078		143,078
(223,394)		(223,394)
(63,132)		(63,132)
(299,225)		(299,225)
(168,981)		(168,981)
(6,000)		(6,000)
(31,048)		(31,048)
28,463		28,463
(2,047,997)		(2,047,997)
	15,526	15,526
	15,526	15,526
(2,047,997)	15,526	(2,032,471)
308,770		308,770
271,785		271,785
82,648		82,648
2,242,643		2,242,643
98,786		98,786
31,070		31,070
42,000		42,000
410,529		410,529
58,808		58,808
3,547,039		3,547,039
1,499,042	15,526	1,514,568
9,363,332	53,798	9,417,130
\$ 10,862,374	\$ 69,324	\$ 10,931,698

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2005**

**CARROLL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2005**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Ambulance Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,271,936	\$ 791,022	\$ 761,273	\$ 38,950	\$ 188,039
Total Assets	<u>\$ 3,271,936</u>	<u>\$ 791,022</u>	<u>\$ 761,273</u>	<u>\$ 38,950</u>	<u>\$ 188,039</u>
<b>FUND BALANCES</b>					
Unreserved:					
General Fund	\$ 3,271,936	\$	\$	\$	\$
Special Revenue Funds		791,022	761,273		188,039
Debt Service Fund				38,950	
Total Fund Balances	<u>\$ 3,271,936</u>	<u>\$ 791,022</u>	<u>\$ 761,273</u>	<u>\$ 38,950</u>	<u>\$ 188,039</u>

The accompanying notes are an integral part of the financial statements.

**CARROLL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2005**  
**(Continued)**

<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
<u>\$ 358,833</u>	<u>\$ 5,410,053</u>
<u>\$ 358,833</u>	<u>\$ 5,410,053</u>

\$	\$ 3,271,936
358,833	2,099,167
	<u>38,950</u>
<u>\$ 358,833</u>	<u>\$ 5,410,053</u>

**Reconciliation Of The Balance Sheet - Governmental Funds To The  
Statement Of Net Assets**

Total Fund Balances	\$ 5,410,053
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	9,756,327
Accumulated Depreciation	(3,484,006)
Long- term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Revenue Bonds Payable - Principal	<u>(820,000)</u>
Net Assets Of Governmental Activities	<u>\$ 10,862,374</u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Public Properties Corporation Fund</b>
<b>REVENUES</b>				
Taxes	\$ 2,935,233	\$	\$	\$
Excess Fees	31,070			
Intergovernmental	155,061	547,139	1,156,717	123,714
Charges for Services	2,030		150,241	
Miscellaneous	113,466	65,037	211,734	
Interest	37,843	5,383	7,557	507
Total Revenues	<u>3,274,703</u>	<u>617,559</u>	<u>1,526,249</u>	<u>124,221</u>
<b>EXPENDITURES</b>				
General Government	544,048			
Protection to Persons and Property	336,167		936,786	
General Health and Sanitation	112,558			
Social Services	54,909			
Recreation and Culture	128,924			
Roads		753,508		
Airports	6,000			
Debt Service				111,048
Capital Projects				
Administration	351,508	127,869	270,319	
Total Expenditures	<u>1,534,114</u>	<u>881,377</u>	<u>1,207,105</u>	<u>111,048</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,740,589</u>	<u>(263,818)</u>	<u>319,144</u>	<u>13,173</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	51,500	327,950	50,000	
Transfers To Other Funds	(959,941)		(50,000)	
Other Transfers	42,310			(42,310)
Proceeds From Sale Of Asset	42,000			
Total Other Financing Sources (Uses)	<u>(824,131)</u>	<u>327,950</u>	<u></u>	<u>(42,310)</u>
Net Change in Fund Balances	916,458	64,132	319,144	(29,137)
Fund Balances - Beginning (Restated)	2,355,478	726,890	442,129	68,087
Fund Balances - Ending	<u>\$ 3,271,936</u>	<u>\$ 791,022</u>	<u>\$ 761,273</u>	<u>\$ 38,950</u>

The accompanying notes are an integral part of the financial statements.



**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>Ambulance Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$	\$ 69,322	\$ 3,004,555
		31,070
	439,994	2,422,625
471,740	54,464	678,475
1,705	52,299	444,241
712	6,806	58,808
<u>474,157</u>	<u>622,885</u>	<u>6,639,774</u>
	12,977	557,025
502,923	158,157	1,934,033
	447,882	560,440
		54,909
	251,862	380,786
		753,508
		6,000
		111,048
	124,708	124,708
<u>176,397</u>	<u>41,769</u>	<u>967,862</u>
<u>679,320</u>	<u>1,037,355</u>	<u>5,450,319</u>
<u>(205,163)</u>	<u>(414,470)</u>	<u>1,189,455</u>
300,642	285,059	1,015,151
	(5,210)	(1,015,151)
		42,000
<u>300,642</u>	<u>279,849</u>	<u>42,000</u>
95,479	(134,621)	1,231,455
92,560	493,454	4,178,598
<u>\$ 188,039</u>	<u>\$ 358,833</u>	<u>\$ 5,410,053</u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**



**CARROLL COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

**Reconciliation Of The Statement Of Revenues, Expenditures, and Changes  
In Fund Balances - Governmental Funds To The Statement Of Activities**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,231,455
Amounts Reported for Governmental Activities in the Statement of Activities Is Different Because:	
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the Cost of those Assets Is Allocated over Their Estimated Useful Lives and Reported as Depreciation Expense.	
Capital Outlay	618,620
Depreciation Expense	(431,033)
The Issuance of Long-term Debt (e.g. Bonds, Financing Obligations) Provided Current Financial Resources to Governmental Funds, While the Repayment of Principal on Long-term Debt Consumes the Current Financial Resources of Governmental Funds. These Transactions, However, Have No Effect on Net Assets.	
Revenue Bond Principal Payments	<u>80,000</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,499,042</u></u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2005**





**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2005**

	<u><b>Business-Type Activities</b></u>
	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Profit Account</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 69,324
Total Assets	<u>69,324</u>
<b>Net Assets</b>	
Unrestricted	69,324
Total Net Assets	<u><u>\$ 69,324</u></u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**



**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

	<b><u>Business-Type Activities</u></b>
	<b><u>Enterprise Fund</u></b>
	<b><u>Jail Profit Account</u></b>
<b>Operating Revenues</b>	
Canteen Receipts	\$ 46,541
Total Operating Revenues	<u>46,541</u>
<b>Operating Expenses</b>	
Cost of Sales	18,168
Educational and Recreational	10,700
Miscellaneous	<u>2,147</u>
Total Operating Expenses	<u>31,015</u>
Operating Income (Loss)	<u>15,526</u>
 Change In Net Assets	 15,526
Total Net Assets - Beginning	<u>53,798</u>
Total Net Assets - Ending	<u><u>\$ 69,324</u></u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**





**CARROLL COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

	<u><b>Business-Type Activities</b></u>
	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Profit Account</b></u>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 46,541
Cost of Sales	(18,168)
Payments to Suppliers	(10,700)
Miscellaneous Payments	<u>(2,147)</u>
Net Cash Provided By Operating Activities	<u>15,526</u>
Net Increase in Cash and Cash Equivalents	15,526
Cash and Cash Equivalents - July 1	<u>53,798</u>
Cash and Cash Equivalents - June 30	<u><u>\$ 69,324</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	 <u><b>Jail Profit Account</b></u>
Operating Income	<u>\$ 15,526</u>
Net Cash Provided By Operating Activities	<u><u>\$ 15,526</u></u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS**

**June 30, 2005**



**CARROLL COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS**

**June 30, 2005**

	<u><b>Agency Fund</b></u>
	<u><b>Jail Inmate Account</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 9,179
Total Assets	<u>9,179</u>
<b>Liabilities</b>	
Amounts Held In Custody For Others	\$ 9,179
Total Liabilities	<u>\$ 9,179</u>

The accompanying notes are an integral part of the financial statements.

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TO THE FINANCIAL STATEMENTS**

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**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Carroll County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

Blended Component Unit

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

Carroll County Public Properties Corporation

The Carroll County Public Properties Corporation was established for the purpose of providing long-term financing for approved projects. The Carroll County Fiscal Court is financially accountable for the component unit as part of the reporting entity and its financial activity is blended with that of the Fiscal Court.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Carroll County Elected Officials Not Part Of Carroll County, Kentucky**

Kentucky law provides for election of the officials below from the geographic area constituting Carroll County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Carroll County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.



**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

**Road Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**Jail Fund** - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**Ambulance Fund** - This fund is used to account for the county emergency medical services activities. Revenues are received from patients and transfers from the General Fund.

**Public Properties Corporation Fund** - The purpose of this fund is to account for debt service requirements of revenue bonds of the fiscal court. The Governor's Office for Local Development does not require the fiscal court to report or budget these funds.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, State Grants Fund, Federal Grants Fund, Solid Waste Fund, Parks and Recreation Fund, 911 Fund, and 911 Wireless Fund.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, State Grants Fund, Federal Grants Fund, Ambulance Fund, Solid Waste Fund, Park and Recreation Fund, 911 Fund, and 911 Wireless Fund are special revenue funds. These funds are used to account for the proceeds of specific revenues and expenditures that are legally restricted for specific purposes.

Debt Service Fund:

The Public Properties Corporation Fund is a debt service fund and is used to account for the accumulation of resources for and payment of general long-term debt principal and interest.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Government Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Profit Account - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Profit Account.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Jail Inmate Account for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary fund:

Jail Inmate Account - This fund accounts for funds received from prisoners upon arrival at the Detention Center and remitted to the prisoners upon release.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets (Continued)**

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 20,000	10-25

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers from are budgeted in the General Fund to comply with these requirements. The State Local Finance Officer does not require this fund to be budgeted.

The State Local Finance Officer does not require the Jail Profit Account or the Jail Inmate Agency Fund to be budgeted because the fiscal court does not approve the expenditures made from these funds.

**Note 2. Deposits**

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy with regard to custodial risk and instead follows the requirements of KRS 41.240(4). As of June 30, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Reporting Entity		
	Restated Beginning Balance	Increases	Decreases
<b>Primary Government:</b>			
<u>Governmental Activities:</u>			
Capital Assets Not Being Depreciated:			
Land	\$ 232,533	\$	\$ 232,533
Total Capital Assets Not Being Depreciated	232,533		232,533
Capital Assets, Being Depreciated:			
Land Improvements		123,220	123,220
Buildings	5,333,000		5,333,000
Equipment	381,995	104,654	486,649
Vehicles	730,062	121,102	851,164
Infrastructure	2,460,117	269,644	2,729,761
Total Capital Assets Being Depreciated	8,905,174	618,620	9,523,794
Less Accumulated Depreciation For:			
Land Improvements		(4,929)	(4,929)
Buildings	(1,292,688)	(109,672)	(1,402,360)
Equipment	(126,048)	(30,903)	(156,951)
Vehicles	(385,379)	(71,840)	(457,219)
Infrastructure	(1,248,858)	(213,689)	(1,462,547)
Total Accumulated Depreciation	(3,052,973)	(431,033)	(3,484,006)
Total Capital Assets, Being Depreciated, Net	5,852,201	187,587	6,039,788
Governmental Activities Capital Assets, Net	\$ 6,084,734	\$ 187,587	\$ 6,272,321

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 6,275
Protection to Persons and Property	149,041
General Health and Sanitation	1,754
Social Services	8,223
Recreation and Culture	10,042
Roads, Including Depreciation of General Infrastructure Assets	250,769
Capital Projects	4,929
Total Depreciation Expense - Governmental Activities	\$ 431,033

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 4. Short-term Debt**

In July 2004, Carroll County participated in the Kentucky Association of Counties Kentucky Advance Revenue Program by issuing a note in the amount of \$1,328,600, with principal being due in January 2005. While the County did not use the borrowed funds in order to meet current General Fund expenses, they were able to reinvest the funds and receive net interest earnings from the Kentucky Association of Counties Kentucky Advance Revenue Program of \$4,080.

Changes In Short-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Kentucky Advance Revenue Program	\$	\$ 1,328,600	\$ 1,328,600	\$
Governmental Activities Short-term Liabilities	\$ 0	\$ 1,328,600	\$ 1,328,600	\$ 0

**Note 5. Long-term Debt**

On September 17, 2002, the Carroll County Public Properties Corporation issued \$1,040,000 First Mortgage Revenue Bonds, Series 2002. The bonds were issued for the purpose of refunding the Carroll County Public Properties Corporation First Mortgage Revenue Bonds (Justice Center Project), Series 1993, the proceeds of which were used to finance the construction of the Carroll County Justice Center. Interest is payable semi-annually on March 1 and September 1 of each year with a variable interest rate ranging from 1.45% to 3.90%. Principal payments are due on March 1 each year in the amounts stated below. The total principal balance outstanding as of June 30, 2005 was \$820,000.

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2006	\$ 80,000	\$ 27,370
2007	80,000	25,450
2008	85,000	23,250
2009	85,000	20,700
2010	90,000	17,980
2011-2014	400,000	38,505
Totals	\$ 820,000	\$ 153,255

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Revenue Bonds	\$ 900,000	\$	\$ 80,000	\$ 820,000	\$ 80,000
Governmental Activities Long-term Liabilities	\$ 900,000	\$ 0	\$ 80,000	\$ 820,000	\$ 80,000

**Note 6. Interest On Long-Term Debt and Financing Obligations**

Interest On Long-Term Debt on the Statement of Activities includes \$28,970 in interest on bonds.

**Note 7. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.



**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Continued)**

**Note 8. Deferred Compensation**

On February 24, 2000, the Carroll County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 9. Insurance**

For the fiscal year ended June 30, 2005, Carroll County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 10. Prior Period Adjustments**

Net Assets - Beginning (Governmental Activities), on the Statement of Activities have been decreased by \$80,478 to reflect two adjustments discovered during the 2005 fiscal year audit. Additional revenues of \$16 were discovered in the Public Properties Corporation that increased Cash and Cash Equivalents. Additional depreciation in the amount \$80,494 was also omitted in the prior year audit. The total adjustment on the Statement of Activities of \$80,478 (decrease) is the net effect of the two adjustments discussed above. In addition to the adjustment made on the Statement of Activities, the beginning balance of the Public Properties Corporation Fund on the Statement of Revenues, Expenses, and Changes in Fund Balances has been adjusted to reflect the additional prior year revenue.

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**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**



**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,326,500	\$ 2,326,500	\$ 2,935,233	\$ 608,733
Excess Fees	2,748	2,748	31,070	28,322
Intergovernmental Revenue	68,786	144,738	155,061	10,323
Charges for Services	3,500	3,500	2,030	(1,470)
Miscellaneous	75,500	75,500	113,466	37,966
Interest	28,500	28,500	37,843	9,343
Total Revenues	2,505,534	2,581,486	3,274,703	693,217
<b>EXPENDITURES</b>				
General Government	653,520	719,528	544,048	175,480
Protection to Persons and Property	266,155	366,418	336,167	30,251
General Health and Sanitation	196,851	196,851	112,558	84,293
Social Services	70,814	71,882	54,909	16,973
Recreation and Culture	117,625	132,897	128,924	3,973
Transportation Facilities and Services	6,000	6,000	6,000	
Debt Service	1,328,600	1,328,600	1,328,600	
Administration	1,385,358	1,280,199	351,508	928,691
Total Expenditures	4,024,923	4,102,375	2,862,714	1,239,661
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(1,519,389)	(1,520,889)	411,989	1,932,878
<b>OTHER FINANCING SOURCES (USES)</b>				
KARP Proceeds	1,328,600	1,328,600	1,328,600	
Transfers From Other Funds			51,500	51,500
Transfers To Other Funds	(909,941)	(909,941)	(959,941)	(50,000)
Other Transfers			42,310	42,310
Proceeds From Sale Of Asset			42,000	42,000
Total Other Financing Sources (Uses)	418,659	418,659	504,469	85,810
Net Changes in Fund Balance	(1,100,730)	(1,102,230)	916,458	2,018,688
Fund Balance - Beginning	1,100,730	1,100,730	2,355,478	1,254,748
Fund Balance - Ending	\$ 0	\$ (1,500)	\$ 3,271,936	\$ 3,273,436

**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 548,119	\$ 548,119	\$ 547,139	\$ (980)
Miscellaneous	1,500	10,623	65,037	54,414
Interest	4,000	4,000	5,383	1,383
Total Revenues	553,619	562,742	617,559	54,817
<b>EXPENDITURES</b>				
Roads	846,519	854,980	753,508	101,472
Administration	235,050	235,712	127,869	107,843
Total Expenditures	1,081,569	1,090,692	881,377	209,315
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(527,950)	(527,950)	(263,818)	264,132
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	327,950	327,950	327,950	
Total Other Financing Sources (Uses)	327,950	327,950	327,950	
Net Changes in Fund Balance	(200,000)	(200,000)	64,132	264,132
Fund Balance - Beginning	200,000	200,000	726,890	526,890
Fund Balance - Ending	\$ 0	\$ 0	\$ 791,022	\$ 791,022

**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**  
**(Continued)**

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 679,762	\$ 679,762	\$ 1,156,717	\$ 476,955
Charges for Services	102,065	102,065	150,241	48,176
Miscellaneous	151,900	160,022	211,734	51,712
Interest	4,700	4,700	7,557	2,857
Total Revenues	938,427	946,549	1,526,249	579,700
EXPENDITURES				
Protection to Persons and Property	941,833	953,884	936,786	17,098
Administration	396,594	392,665	270,319	122,346
Total Expenditures	1,338,427	1,346,549	1,207,105	139,444
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)				
	(400,000)	(400,000)	319,144	719,144
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			50,000	(50,000)
Transfers To Other Funds			(50,000)	50,000
Total Other Financing Sources (Uses)				
Net Changes in Fund Balance	(400,000)	(400,000)	319,144	719,144
Fund Balance - Beginning	400,000	400,000	442,129	42,129
Fund Balance - Ending	\$ 0	\$ 0	\$ 761,273	\$ 761,273

**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**  
**(Continued)**

	<b>AMBULANCE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Charges for Services	\$ 360,000	\$ 360,000	\$ 471,740	\$ 111,740
Miscellaneous	200	200	1,705	1,505
Interest	200	200	712	512
Total Revenues	360,400	360,400	474,157	113,757
<b>EXPENDITURES</b>				
Protection to Persons and Property	553,765	555,358	502,923	(52,435)
Administration	197,277	195,684	176,397	19,287
Total Expenditures	751,042	751,042	679,320	19,287
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(390,642)	(390,642)	(205,163)	133,044
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	300,642	300,642	300,642	
Total Other Financing Sources (Uses)	300,642	300,642	300,642	
Net Changes in Fund Balances	(90,000)	(90,000)	95,479	185,479
Fund Balances - Beginning	90,000	90,000	92,560	2,560
Fund Balances - Ending	\$ 0	\$ 0	\$ 188,039	\$ 188,039



**CARROLL COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2005**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**Reconciliation of the Budgetary Comparison Schedule - General Fund  
to the Statement of Revenues, Expenditures, and Changes  
in Fund Balance**

Total Expenditures - Budgetary Basis	\$ 2,862,714
Less: Debt service - KARP proceeds	<u>(1,328,600)</u>
Total Expenditures - Modified Cash Basis	<u><u>\$ 1,534,114</u></u>
Total Other Financing Sources (Uses) -	
Budgetary Basis	\$ 504,469
Less: KARP Proceeds	<u>(1,328,600)</u>
Total Other Financing Sources (Uses) -	
Modified Cash Basis	<u><u>\$ (824,131)</u></u>

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**CARROLL COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2005**

**CARROLL COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2005**

	<b>LGEA Fund</b>	<b>State Grants Fund</b>	<b>Solid Waste Fund</b>	<b>Parks and Recreation Fund</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 231,418	\$ 10,699	\$ 28,567	\$ 14,100
Total Assets	<u>\$ 231,418</u>	<u>\$ 10,699</u>	<u>\$ 28,567</u>	<u>\$ 14,100</u>
<b>FUND BALANCES</b>				
Unreserved:				
Special Revenue Funds	\$ 231,418	\$ 10,699	\$ 28,567	\$ 14,100
Total Fund Balances	<u>\$ 231,418</u>	<u>\$ 10,699</u>	<u>\$ 28,567</u>	<u>\$ 14,100</u>

**CARROLL COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**June 30, 2005**  
**(Continued)**

<b>911 Fund</b>	<b>911 Wireless Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 29,951	\$ 44,098	\$ 358,833
\$ 29,951	\$ 44,098	\$ 358,833

\$ 29,951	\$ 44,098	\$ 358,833
\$ 29,951	\$ 44,098	\$ 358,833

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**CARROLL COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2005**

**CARROLL COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2005**

	<u>LGEA Fund</u>	<u>State Grants Fund</u>	<u>Federal Grants Fund</u>	<u>Solid Waste Fund</u>
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$
Intergovernmental	34,879	14,806	326,270	13,446
Charges For Services				
Miscellaneous				38,676
Interest	1,281			185
Total Revenues	<u>36,160</u>	<u>14,806</u>	<u>326,270</u>	<u>52,307</u>
<b>EXPENDITURES</b>				
General Government	12,977			
Protection to Persons and Property		17,354		
General Health and Sanitation		4,117	326,270	117,495
Recreation and Culture	86,845	1,912		
Capital Projects	124,708			
Administration	5,639			16,685
Total Expenditures	<u>230,169</u>	<u>23,383</u>	<u>326,270</u>	<u>134,180</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(194,009)</u>	<u>(8,577)</u>		<u>(81,873)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	99,752			68,459
Transfers To Other Funds	(1,500)			
Total Other Financing Sources (Uses)	<u>98,252</u>			<u>68,459</u>
Net Change in Fund Balances	(95,757)	(8,577)		(13,414)
Fund Balances - Beginning	327,175	19,276		41,981
Fund Balances - Ending	<u>\$ 231,418</u>	<u>\$ 10,699</u>	<u>\$ 0</u>	<u>\$ 28,567</u>



**CARROLL COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>Parks and Recreation Fund</b>	<b>911 Fund</b>	<b>911 Wireless Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$	\$ 69,322	\$	\$ 69,322
		50,593	439,994
54,464			54,464
5,165	8,458		52,299
126	4,649	565	6,806
<u>59,755</u>	<u>82,429</u>	<u>51,158</u>	<u>622,885</u>
			12,977
	89,453	51,350	158,157
			447,882
163,105			251,862
			124,708
19,339	106		41,769
<u>182,444</u>	<u>89,559</u>	<u>51,350</u>	<u>1,037,355</u>
<u>(122,689)</u>	<u>(7,130)</u>	<u>(192)</u>	<u>(414,470)</u>
116,848			285,059
(3,710)			(5,210)
<u>113,138</u>			<u>279,849</u>
(9,551)	(7,130)	(192)	(134,621)
23,651	37,081	44,290	493,454
<u>\$ 14,100</u>	<u>\$ 29,951</u>	<u>\$ 44,098</u>	<u>\$ 358,833</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Harold "Shorty" Tomlinson, Carroll County Judge/Executive  
Members of the Carroll County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Kentucky, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated March 14, 2006. Carroll County presents its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
March 14, 2006

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**CARROLL COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2005**

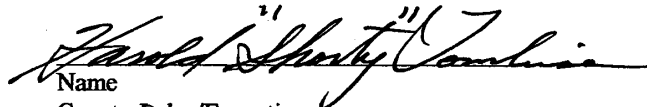


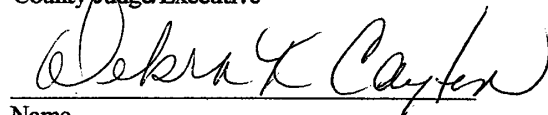


CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
CARROLL COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2005

The Carroll County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
Name  
County Judge/Executive

  
Name  
County Treasurer